



AZURA®

credit union

ANNUAL MEETING

VIRTUAL

April 18, 2023 | 6 PM

2022 Reports | Election

AzuraCU.com/AnnualMeeting

AGENDA

Call To Order

Introductions

- Board of Directors
- Supervisory Committee

Annual Reports

- 2022 Meeting Minutes
- 2022 Financial Statements
- Supervisory Committee Report
- Board of Directors' Report
- Nominating Committee Report
- Elections

Adjournment



BOARD OF DIRECTORS



Brad Deiter
Chair



Jim Frownfelter
Vice Chair



Marcia Dechand
Secretary



Shirley Martin
Treasurer



Rob Balsters



Tina Freese



Randy Pachosa



Bryan Vargas



Stephen McIntosh

SUPERVISORY COMMITTEE



Kevin Tucker
Chair



Kristin Scott
Vice-Chair



Tina Freese



**Joselito "Ping"
Enriquez**



Maggie Sullivan



Brad Dietz



**Jason "Jake"
Fisher**

2022 ANNUAL MEETING MINUTES

The 7th Annual Meeting of the Azura Credit Union was held in a virtual environment on Tuesday, April 19, 2022. The meeting was called to order at 6:01 PM by Chairman Brad Deiter. There were 81 confirmed individuals in attendance.

The Board of Directors and Supervisory Committee members were introduced.

The minutes of the 2021 Annual Meeting and the 2021 audited financial statements were approved as presented in the Annual Report.

Summary reports to the membership were provided by Chair of the Supervisory Committee, Tina Freese, and Chair of the Board of Directors, Brad Deiter. These reports were approved as presented.

Chair of the Nominating Committee, Marcia Dechand, presented three candidates for election to three positions up for election on the Board of Directors: Stephen McIntosh, Shirley Martin, Bryan Vargas. Each candidate's biographical background was highlighted during the report. It was moved and seconded to elect the slate of candidates by acclamation; the motion carried.

Outgoing volunteer officials John Blocher (Board of Directors) and Randy Streeter (Supervisory Committee) were recognized for their years of respective service to the credit union.

The meeting was adjourned at 6:17 PM.

2022 FINANCIAL STATEMENTS

Audited Financial Statements

Statements of Financial Condition

	At December 31	2022	2021
Assets			
Cash and cash equivalents		\$29,000,070	\$54,760,599
Investment securities		122,671,663	141,177,819
Credit union owned life insurance		12,268,598	10,411,070
Loans to members		554,626,055	458,751,889
Allowance for loan losses		(3,116,642)	(2,530,457)
Accrued interest receivable		1,892,347	1,319,143
Land, buildings and equipment		14,555,253	11,189,153
NCUA insurance		6,118,134	5,962,747
Goodwill & core deposit intangible		551,561	691,539
Other assets		1,785,475	969,840
Total Assets		\$740,352,514	\$682,703,343
Liabilities and Members' Equity			
Liabilities			
Regular shares		\$216,062,566	\$211,021,700
Draft shares		148,334,124	144,283,625
Money market shares		111,319,344	112,369,723
IRA shares and certificates		37,230,466	37,355,538
Certificates		115,985,300	98,666,874
Outstanding credit union drafts		2,291,322	1,985,525
Borrowed Funds		24,629,083	-
Accrued interest payable		187,971	90,738
Accrued expenses and other liabilities		5,829,419	3,923,096
Total Liabilities		\$661,869,595	\$609,696,820
Members' Equity			
Regular reserve		\$1,519,340	\$1,519,340
Equity acquired in merger		32,451,997	32,451,997
Undivided earnings		46,219,435	38,289,429
Other comprehensive income		(1,707,853)	745,758
Total Members' Equity		\$78,482,919	\$73,006,524
Total Liabilities and Members' Equity		\$740,352,514	\$682,703,343

Statements of Comprehensive Income

Years ended December 31	2022	2021
Interest income		
Interest on loans	\$24,667,107	\$20,323,181
Interest on investments	2,246,765	1,185,703
Total Interest Income	\$26,913,872	\$21,508,884
Interest expense		
Interest on deposits	\$4,019,121	\$3,798,505
Interest on borrowed money	335,283	5
Total Interest Expense	\$4,354,404	\$3,798,510
Net interest income	\$22,559,468	\$17,710,373
Provision for loan losses	2,237,672	219,636
Net interest income after provision	\$20,321,796	\$17,490,737
Non-interest income		
Other income	\$6,830,976	\$6,322,499
Fee income	4,572,319	3,560,687
Operating gains	(130,022)	253,912
Total non-interest income	\$11,273,273	\$10,137,097
Non-interest expense		
Payroll and benefits	\$11,971,536	\$10,328,971
Office operations	4,521,569	3,843,497
Loan servicing	1,347,743	1,323,591
Office occupancy	1,181,359	1,122,750
Professional and outside services	2,831,728	2,125,059
Merger and intangible assets amortization	139,978	157,301
Marketing and business development	1,261,668	921,005
Travel and conference	264,593	180,529
Regulatory supervision and examination	101,665	111,285
Association dues	82,308	66,176
Other expenses	51,734	63,478
Total non-interest expenses	\$23,755,881	\$20,243,641
Net income from operations	\$7,839,188	\$7,384,194
Non-operating income	89,902	2,312,024
Net Income	\$7,929,090	\$9,696,218
Unrealized holding gains (losses) during the year	(2,453,611)	(320,157)
Comprehensive Income	\$5,475,479	\$9,376,061

SUPERVISORY COMMITTEE REPORT

Azura's Supervisory Committee is currently composed of seven member volunteers, appointed by the Board of Directors. Currently, the Committee meets six times per year, and in addition, at least one member of the committee attends each scheduled Board of Directors meeting. The Supervisory Committee oversees the Internal Audit department, who performs assurance work over the course of the year. We also engage qualified external auditors to perform additional audits and assurance projects, to provide a level of assurance and safeguard member assets.

One of the Committee's most important tasks is engaging and overseeing the annual financial statement and verification of member accounts audit. We engaged J. Tenbrink & Associates to perform this independent audit for the 2022 year end. The credit union received an "unqualified" opinion, also known as a "clean" opinion. This provides our members with comfort that the financial statements are free of material errors and omissions.

As a state regulated credit union, Azura is subject to examination. The Kansas Department of Credit Unions (KDCU) examiners visited the credit union during February. The Supervisory Committee reviewed the results of this examination, as well as applicable findings, recommendations, and action plans. It is our opinion that Azura Credit Union continues to perform well and operates in a safe and sound manner.

As the Chairman of the Supervisory Committee, I speak on behalf of all committee members when I say it has been a pleasure to serve you. We believe, based on the cumulative results of all audit and exam activity the credit union is well positioned and will remain competitive.

Kevin Tucker
Chair

BOARD OF DIRECTORS' REPORT

“Recognition is the greatest motivator.”

- Author Gerard C. Eakedale

The volunteer officials and staff of Azura Credit Union take great pride in serving the financial needs of our member-owners on a daily basis. We don't do so while seeking praise or recognition, but instead out of a commitment to serve you from what we believe is a superior cooperative model in the financial services marketplace. So when it was announced mid-year by Forbes that your credit union had received the Best-in-State designation, we were surprised and also humbled by the recognition. We now want to “live” the quotation above by turning this recognition into motivation to provide even greater Above and Beyond Banking service to each of you, our member-owners.



Azura Credit Union continued to perform quite well in the economic environment we found ourselves in last year, as we all continued to adjust to this post-pandemic world. High inflation and rapidly rising interest rates combined to squeeze the budget of many American households and our members were certainly no exception. Yet in spite of these increasing economic headwinds during 2022, the credit union experienced one of its strongest years financially. Azura grew in membership, loans, deposits, and total assets last year while also experiencing near-record net income.

In a quick glimpse into the future, your credit union is committed to the following initiatives in 2023 and beyond:

BOARD OF DIRECTORS' REPORT, continued

- Goals for substantial total membership, share deposit, and loan portfolio growth
- Grand re-opening of our new flagship Topeka branch on Wanamaker and two new branches to be opened in the greater Kansas City market, in Olathe and Mission
- Further review of our technology to improve future member experience
- Continued diversity, equity, and inclusion focus within the organization

Amid all the positivity outlined above, we would be remiss not to touch on the U.S. bank failures occupying the media in the past month. Azura Credit Union currently stands in a very strong financial position and provides a great deal of safety and soundness for members as the result of our strong capital level and our \$250,000 NCUA deposit insurance. Our operations and risk profile are very different overall from each bank that was seized by regulators, due to our focus on primarily consumer households. You can sleep easier at night knowing your credit union stands ready to meet your financial needs as the result of our strong financial position.

Once again, on behalf of all volunteer officials and staff of Azura Credit Union, we thank you for the trust you place in us to serve your financial product and service needs. Our success depends on the commitment of you, our member-owners, as we endeavor to meet your expectations each and every day.

Brad Deiter
Chair



**Wanamaker
Remodel**



Olathe Branch



Mission Branch

NOMINATING COMMITTEE REPORT

Brad Deiter, Jim Frownfelter, and Tina Freese served as the Nominating Committee for elections to be held at the 2023 Annual Meeting of Azura Credit Union.

The committee posted a notice and call for all parties interested in potentially serving a volunteer official position for the credit union. This notice was included in January's membership newsletter, as well as on Azura's website. Applicants were asked to contact the Nominating Committee and a pool of potential candidates was developed.

The committee is charged by the Azura Governance Policy "to put forth a nominee slate comprised of the best possible candidates" to serve as volunteer officials for the credit union. After completion of the interview and selection process, the Nominating Committee submits the following names to be included on the ballot for election to the three open positions on the Azura Credit Union Board of Directors:

Robert Balsters*

Marcia Dechand*

Randy Pachosa*

Shelby Ross

Charles Smrha

Brad Deiter
Chair

* Denotes incumbent

ELECTION



Rob Balster*

Retired from the Seaman School District after 38 years of service and continues to serve as an Executive Director for the Kansas Association of School Business Officials and as a budget analyst for Washburn Institute of Technology. Robert has been a credit union member for over 45 years, and has been on the Board of Directors for 15 years. Robert believes in the progress Azura has made over the years and looks forward to our continued success.



Marcia Dechand*

Provided 32 years of service to TARC, Inc. prior to retiring in 2012 as the Director of Human Resources. Marcia has been a credit union member for over 40 years and has served on both the Supervisory Committee and the Board of Directors for a total of 16 years. Marcia has attended credit union workshops, conventions and the Board of Directors Volunteer Achievement Program through KCUA and CUNA. Marcia is proud of the progress of the credit union, while maintaining a service first culture.



Randy Pachosa*

A Topeka native has been a credit union member for the majority of his life. Randy retired from Goodyear in 1998 with 30 years of employment. He fondly remembers joining the Rubber Workers Credit Union when it was just a small area in the upstairs corner of the Goodyear Union Hall. Since joining, Randy has served on the Board of Directors for the last 10 years. Randy is excited to continue to serve Azura as the credit union continues to grow.



Shelby Ross

Shelby is a 12-year Topeka resident and three year credit union member. He works as an Internet Sales Manager for Aristocrat Motors. Currently fostering four sons, he and his wife have continued their 26-year dedication for foster parenting. Current leadership positions include: Atchison Juneteenth Board of Directors, Ronald McDonald House Charities of Northeast Kansas and Greater Topeka Partnership Ambassador. Shelby is motivated to join the Azura Board of Directors to help further our mission, model and community-based services.



Charles Smrha

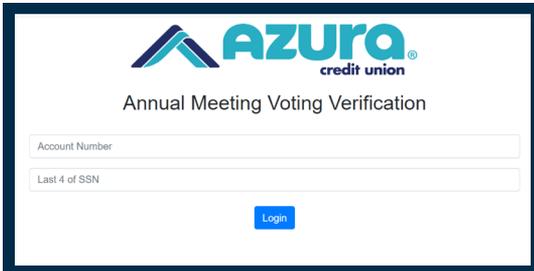
A graduate of Washburn University and a 20-year member of the credit union. Charles retired after spending 30 years as a licensed insurance agent and registered representative. He has extensive experience working with employee benefit plans and retirement plan construction. He is also serving as a budget reviewer for the United Way agency. Charles is enthusiastic about the opportunity to bring his experience and knowledge to the board.

* Denotes incumbent

VOTING INSTRUCTIONS

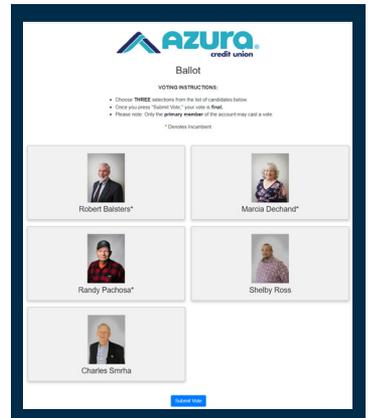
Voting will begin following the presentation of the candidates during the virtual Annual Meeting on April 18, 2023. Members must visit **Voting.AzuraCU.com** to cast their vote.

Members will be asked to verify their identity by entering their account number and the last four digits of their social security number. All primary account holders over the age of 16 will have the opportunity to submit one ballot with the selection of three candidates of their choice.



The image shows a sample verification page for Azura credit union. At the top is the Azura credit union logo. Below the logo is the text "Annual Meeting Voting Verification". There are two input fields: "Account Number" and "Last 4 of SSN". A blue "Login" button is positioned below the input fields.

Sample Verification Page



The image shows a sample ballot for Azura credit union. At the top is the Azura credit union logo and the word "Ballot". Below the logo are the "VOTING INSTRUCTIONS":

- Choose **THREE** candidates from the list of candidates below.
- Once you click "Return Vote," your vote is final.
- Please note: Only the primary member of the account may cast a vote.

Below the instructions are five candidate photos with their names: Robert Balsters, Marcia Decharo, Randy Pachosa, Shelby Ross, and Charles Smith. A blue "Return" button is at the bottom right.

Sample Ballot

Voting will remain open until 7 PM CDT on Tuesday, April 18, 2023. At that time, ballots will be counted and winners notified. Results will be shared in online banking on Wednesday, April 19, 2023, and posted at **AzuraCU.com/AnnualMeeting**.

If you have issues submitting your ballot, please email Communications@AzuraCU.com prior to 7 PM CDT on Tuesday, April 18, 2023.



Our MISSION

Azura is enhancing lives by delivering innovative financial service, education and value through personal and community engagement.

Our VISION

Azura will define financial service.
Azura will create loyal enthusiasts.
Azura will improve more lives.

Thank you for attending!



Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency